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UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA  
SAN FRANCISCO DIVISION

AVAGO TECHNOLOGIES U.S., INC.;  
AVAGO TECHNOLOGIES GENERAL IP  
(SINGAPORE), PTE. LTD; and LAURENCE  
R. MCCOLLOCH,

Plaintiffs,

v.

NANOPRECISION PRODUCTS, INC.,

Defendant.

NANOPRECISION PRODUCTS, INC.;  
MICHAEL K. BARNOSKI; ROBERT R.  
VALLANCE; SHUHE LI; and KING-FU HII,

Counterclaimants,

v.

AVAGO TECHNOLOGIES LIMITED, USA;  
AVAGO TECHNOLOGIES U.S., INC.;  
AVAGO TECHNOLOGIES GENERAL IP  
(SINGAPORE), PTE. LTD; and LAURENCE  
R. MCCOLLOCH,

Counterdefendants.

CASE NO. 3:16-cv-03737 JCS

**DEFENDANT'S AND  
COUNTERCLAIMANTS' OPPOSITION  
TO PLAINTIFFS' MOTION TO DISMISS  
COUNTERCLAIMANTS' FIRST  
THROUGH SIXTH COUNTERCLAIMS**

Hearing Date: February 3, 2017  
Time: 9:30 AM  
Dept: Courtroom G – 15th Floor  
Judge: Hon. Joseph C. Spero  
Case Filed: July 1, 2016  
Trial Date: None

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## INTRODUCTION

Short on factual analysis and on the wrong side of the law, Plaintiffs' Motion to Dismiss resorts to misstating the holdings of federal and state cases, accuses nanoPrecision Products, Inc. ("nPP") of forum shopping by virtue of being a defendant in this action, and misrepresents nPP's position on meet and confers held between the parties. A closer look at the allegations raised by Plaintiffs and the controlling case law leads to only one conclusion: Plaintiffs' Motion relies on fundamental misunderstandings of the law and the facts and should be denied in its entirety.

First, a stay or dismissal of nPP's state law counterclaims is not appropriate under *Colorado River* because it would not avoid piecemeal litigation, given the common issues of fact shared by Plaintiffs' inventorship claims and nPP's state law claims. Moreover, the state court proceedings have not advanced in any significant way, and this Court's exercise of supplemental jurisdiction over nPP's state law counterclaims would provide a single forum to fully resolve the parties' dispute. Even more significantly, as set forth in the recently filed Joint Case Management Statement, the parties have agreed that, if this Court accepts supplemental jurisdiction over the state law claims, nPP will file a stay motion in the state court proceeding, and Plaintiffs will withdraw their *Colorado River* grounds in the instant motion. Second, nPP's counterclaims for conversion and specific recovery of personal property are not preempted by the California Uniform Trade Secrets Act ("CUTSA") because they seek recovery in nPP's tangible physical property in which nPP has a property interest independent of whether such property also constitutes a trade secret. nPP's claim for conversion also states a valid separate claim under California law, and none of the authorities cited by Plaintiffs suggest a contrary finding. Third, nPP's counterclaim for trade secret misappropriation under the Defend Trade Secrets Act of 2016 ("DTSA") properly alleged acts of misappropriation that occurred after the effective date of the DTSA. Plaintiffs' arguments to the contrary are based on a misunderstanding of the law and ignore a recent federal case that rejected the very same arguments raised by Plaintiffs. Accordingly, the Court should deny Plaintiffs' Motion to Dismiss in its entirety.

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## BACKGROUND

### **I. THE PARTIES' RELATIONSHIP THAT GAVE RISE TO THIS LAWSUIT**

nPP is a leader in complex material forming, particularly using nanoprecision metal stamping to form “benches” for fiber optic communications. Dkt. No. 23 at 20:11-22. nPP and two of the Plaintiffs and Counterdefendants entered into non-disclosure agreements (“NDAs”) in July 2010 and May 2012 to facilitate communications regarding the use of nPP’s capabilities to precision stamp components for fiber optic applications.<sup>1</sup> Dkt. No. 23 at 22:1-5; 26:14-19. nPP’s precision stamping process represented a very substantial improvement over the silicon bench product manufactured by Plaintiffs. Dkt. No. 23 at 22:11-16. At the outset of the parties’ discussions, Plaintiffs were not knowledgeable regarding the precision stamping process. Dkt. No. 23 at 22:16-18. Pursuant to the NDAs, nPP provided detailed and sensitive information, materials, documents, files, and models regarding its innovative stamping technology, all toward the goal of entering into some form of further agreement that would allow Plaintiffs and Counterdefendants to use nPP’s technology. Dkt. No. 23 at 22:11-26:25. After several years of discussions, however, Plaintiffs and Counterdefendants abruptly and without explanation advised nPP that they were not interested in using nPP’s technology. Dkt. No. 23 at 27:2-7. nPP was then shocked to learn that Plaintiffs and Counterdefendants filed three patent applications (U.S. Application Nos. 13/658,379; 13/329,380 and 14/666,427) with the United States Patent and Trademark Office (“USPTO”) and secured two issued patents, U.S. Pat. Nos. 9,011,025 (“’025 Patent”) and 9,400,360 (“’360 Patent”), which all embodied the key technology that nPP had disclosed to Plaintiffs and Counterdefendants under the NDAs. Dkt. No. 23 at 27:10-11.

### **II. NPP’S ACTION IN THE SUPERIOR COURT OF CALIFORNIA**

nPP initiated an action in the Superior Court of California in Santa Clara County on February 19, 2015 against Plaintiffs and Counterdefendants (the “State Court Action”) and filed a

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<sup>1</sup> Pursuant to the parties’ November 10, 2016 stipulation (Dkt. No. 26), Plaintiffs represented that Avago Technologies Limited, USA, is not and never has been an existing corporate entity, and the Avago representative who signed the July 14, 2010 non-disclosure agreement, Ron Kaneshiro, was actually an employee of Avago Technologies U.S., Inc. and acting on its behalf at the time.

1 First Amended Complaint (“FAC”) on April 9, 2015, which asserted claims for: (1) breach of  
 2 written contract; (2) misappropriation of trade secrets in violation of Civil Code section 3426, *et*  
 3 *seq.*; (3) intentional interference with contractual relations; (4) unfair competition in violation of  
 4 Business and Professions Code section 17200; (5) conversion; (6) specific recovery of personal  
 5 property; (7) breach of fiduciary duty; (8) fraud; and (9) declaratory relief. Plaintiffs and  
 6 Counterdefendants filed a demurrer to the third through ninth causes of action and moved to  
 7 strike nPP’s FAC on May 11, 2015. On April 1, 2016, the Superior Court granted the demurrer.  
 8 *See* Declaration of Nicholas Fung (“Fung Decl.”), Ex. A at 6:26-28.

9 With respect to nPP’s fifth and sixth causes of action, nPP argued that those claims were  
 10 not preempted by the CUTSA because they were based on tangible property (e.g., documents,  
 11 designs, and solid models), in which it has property rights independent of any alleged trade secret.  
 12 Fung Decl., Ex. A at 9:13-15. The Court specifically held that “[a] claim for conversion or  
 13 specific recovery of tangible personal property (as opposed to intangible confidential information)  
 14 is based on facts independent and distinct from a claim of trade secret misappropriation.” Fung  
 15 Decl., Ex. A at 9:15-23 (citing *Angelica Textile Services, Inc. v. Park*, 220 Cal.App.4th 495, 508  
 16 (2013); *Loop AI Labs Inc. v. Gatti*, 2015 WL 5158461, at \*3 (N.D. Cal. Sept. 2, 2015)). The  
 17 Superior Court determined that nPP’s claims for conversion and specific recovery of personal  
 18 property were preempted because they sought to recover only “‘possession of any property rights  
 19 in [nPP’s] *information*,’ as opposed to the documents or materials themselves.” Fung Decl., Ex.  
 20 A at 9:24-28; 10:23-27. But to the extent nPP’s claims for conversion and specific recovery of  
 21 personal property seeks recovery of damages based on Defendants’ “wrongful possession of  
 22 [nPP’s] physical property (i.e., documents) . . . it is based on facts that are independent and  
 23 distinct from the claim for trade secret misappropriation.” Fung Decl., Ex. A at 10:14-17.

24 During oral argument, nPP indicated that it could amend its claims for conversion and  
 25 specific recovery of personal property to clarify its possession that these claims were based on the  
 26 withholding of physical property. Fung Decl., Ex. A at 10:25-27. The Superior Court granted  
 27 nPP leave to amend its complaint. Fung Decl., Ex. A at 12:14-16.

28 After substantial meet and confer efforts with Plaintiffs’ and Counterdefendants’ counsel,



nPP filed a Second Amended Complaint (“SAC”) to add allegations that address the Superior Court’s April 1, 2016 order and add new patent and patent applications.<sup>2</sup> nPP’s SAC asserts five causes of action for (1) breach of written contract; (2) misappropriation of trade secrets in violation of California Civil Code section 3426, *et seq.*; (3) conversion; (4) specific recovery of personal property; and (5) declaratory relief. Regarding the third and fourth causes of action, nPP alleges that those claims are based on “improperly withheld materials, documents, files, and models” and “physical property taken by” Plaintiffs and Counterdefendants. Fung Decl., Ex. B at ¶¶ 57-64. Plaintiffs and Counterdefendants filed a demurrer to the third through fourth causes of action on June 1, 2016. nPP filed an opposition to the demurrer on October 24, 2016. The demurrer is set to be heard by the Superior Court on January 27, 2017.

### III. AVAGO’S FEDERAL ACTION

Plaintiffs initiated the present action on July 1, 2016, asserting a claim for declaratory relief on the issue of inventorship with respect to the ’025 Patent. On or about September 9, 2016, the parties conducted their Rule 26(f) conference. During that conference, Plaintiffs indicated to nPP their intent to file an amended complaint to add a second claim for declaratory relief on the issue of inventorship with respect to the newly issued ’360 Patent. nPP requested an extension to respond to the amended complaint in order to evaluate the scope of the counterclaims it intends to file, which may include the claims asserted in the state court action.

On September 16, 2016, Plaintiffs filed an amended complaint that asserted a second claim for declaratory relief on the issue of inventorship with respect to the ’360 Patent. Dkt. No. 15. nPP filed an Answer and Counterclaim on October 17, 2016, asserting as counterclaims the same five state law claims asserted by nPP in the State Court Action as well as trade secret misappropriation under the DTSA. Dkt. No. 23 at 29:21-33:26. nPP and Counterclaimants Michael K. Barnoski, Robert R. Vallance, Shuhe Li, and King-Fu Hii also asserted the following two counterclaims: correction of named inventor on the ’025 Patent and correction of named

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<sup>2</sup> nPP repeatedly informed Defendants and the Court both before and during the hearing on the first demurrer that it intended to amend the complaint to add new patent and patent applications to its claims.

1 inventor on the '360 Patent. Dkt. No. 23 at 34:2-35:23.

2 Contrary to the allegations made by Plaintiffs in its Motion to Dismiss, nPP never agreed  
3 that it would dismiss any of its claims in the State Court Action. Fung Decl., ¶¶ 6-7. In fact, in a  
4 recent conversation held between counsel for Plaintiffs and counsel for nPP on November 1, 2016,  
5 counsel for nPP made clear that nPP could not move for a stay of the State Court Action until  
6 after this Court exercised supplemental jurisdiction over nPP's state law claims. Fung Decl., ¶ 7.

## 7 LEGAL STANDARD

8 A Rule 12(b)(6) motion tests the legal sufficiency of the claims asserted in a complaint.  
9 The standard for a Rule 12 motion is low: to survive a motion to dismiss, a complaint "does not  
10 need detailed factual allegations." *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 555 (2007).  
11 Instead, a plaintiff need only plead facts sufficient to "raise a right to relief above the speculative  
12 level." *Id.* at 555; *see also Ashcroft v. Iqbal*, 556 U.S. 662, 678 (2009) (complaint should have  
13 "sufficient factual matter, accepted as true, to state a claim to relief that is plausible on its face").  
14 Moreover, when deciding a motion to dismiss nPP's counterclaims, the Court must accept as true  
15 all factual allegations and construe them in the light most favorable to nPP. *Reese v. BP*  
16 *Exploration (Alaska) Inc.*, 643 F.3d 681, 690 (9th Cir. 2011); *Hebbe v. Pliler*, 627 F.3d 338, 340  
17 (9th Cir. 2010). Finally, even if a court should find that an operative claim is lacking in  
18 specificity, leave to amend to cure any such deficiencies should be freely granted. Fed. R. Civ. P.  
19 15(a); *see also Lopez v. Smith*, 203 F.3d 1122, 1130 (9th Cir. 2000).

## 20 ARGUMENT

### 21 I. DISMISSAL OR A STAY UNDER *COLORADO RIVER* IS NOT APPROPRIATE

22 As an initial matter, the parties agree that this Court may and should exercise  
23 supplemental jurisdiction over nPP's state law counterclaims. Dkt. No. 32 at 10, 18. The parties  
24 also agree that, should this Court agree to exercise supplemental jurisdiction, nPP will move for a  
25 stay of the State Court Action and Plaintiffs will withdraw this portion of their motion to dismiss.  
26 *Id.* Regardless of the parties' agreement, a stay of nPP's state law counterclaims would not be  
27 appropriate under *Colorado River*.

28 Under the *Colorado River* doctrine, a court may stay or dismiss claims in favor of a

1 parallel state action in the interests of “conservation of judicial resources and comprehensive  
 2 disposition of litigation.” *Tan v. Grubhub*, 171 F.Supp.3d 998, 1013 (N.D. Cal. 2016) (internal  
 3 quotation marks omitted) (citing *Nakash v. Marciano*, 882 F.2d 1411, 1415 (9th Cir. 1989)).  
 4 Such cases are “rare, limited, and exceptional, with only the clearest of justifications supporting  
 5 abstention.” *Id.* at 1014 (internal quotation marks and citation omitted). In determining whether  
 6 to stay a case pursuant to *Colorado River*, courts in the Ninth Circuit consider eight factors:

7 (1) which court first assumed jurisdiction over any property at stake; (2) the  
 8 inconvenience of the federal forum; (3) the desire to avoid piecemeal litigation; (4)  
 9 the order in which the forums obtained jurisdiction; (5) whether federal law or  
 10 state law provides the rule of decision on the merits; (6) whether the state court  
 proceedings can adequately protect the rights of the federal litigants; (7) the desire  
 to avoid forum shopping; and (8) whether the state court proceedings will resolve  
 all issues before the federal court.

11 *R.R. St. & Co. v. Transp. Ins. Co.*, 656 F.3d 966, 978–79 (9th Cir. 2011). The decision to stay  
 12 “does not rest on a mechanical checklist, but on a careful balancing of the important factors as  
 13 they apply in a given case, with the balance heavily weighted in favor of the exercise of  
 14 jurisdiction.” *Tan v. Grubhub*, 171 F.Supp.3d at 1014 (citing *Moses H. Cone Mem’l Hosp. v.*  
 15 *Mercury Constr. Corp.*, 460 U.S. 1, 16 (1983)). Courts have thus denied a *Colorado River* stay  
 16 even where a majority of the factors favor abstention. *Id.* Here, a consideration of the *Colorado*  
 17 *River* factors heavily weighs against a dismissal or stay.

18 First, a stay of nPP’s state law counterclaims would not avoid piecemeal litigation because  
 19 both the federal court proceeding and state court proceeding will address factual issues common  
 20 to the Plaintiffs’ claims and nPP’s state law counterclaims. In cases where the state law claims  
 21 share common issues of fact with the federal claims, courts have found that the desire to avoid  
 22 piecemeal litigation would not be well-served by a stay of the state law claims. *See Tan*, 171  
 23 F.Supp.3d at 1015 (denying stay of state law claims where both the federal court and state court  
 24 would need to address common factual issues); *Melt Franchising, LLC v. PMI Enterprises, Inc. et*  
 25 *al.*, 2008 WL 4811097, at \*4 (C.D. Cal. Oct. 27, 2008) (denying stay of state law counterclaims  
 26 where plaintiff’s claims and defendants’ defenses and counterclaims involved common questions  
 27 of law and fact). Here, Plaintiffs’ claims and nPP’s state law counterclaims share common issues  
 28 of fact that would need to be addressed by both the federal court and state court regardless if the

1 state law claims were stayed in this action. For example, the Plaintiffs' inventorship claims and  
2 nPP's trade secret misappropriation and breach of contract counterclaims require a determination  
3 as to whether the Plaintiffs developed the technology at issue independently without use of any  
4 nPP information. A stay of nPP's state law counterclaims would not prevent the possibility of  
5 inconsistent adjudication of this same factual issue in the State Court Action.

6 Second, while the State Court Action was filed first, it has not advanced in any significant  
7 way, and thus does not support a stay or dismissal of nPP's state law counterclaims. The Ninth  
8 Circuit and Supreme Court have made clear that the order in which the forums obtained  
9 jurisdiction should be evaluated "in terms of how much progress has been made in the two  
10 actions." *Travelers Indem. Co. v. Madonna*, 914 F.2d 1364, 1370 (9th Cir. 1990) (internal  
11 quotations omitted) (citing *Cone*, 460 U.S. at 21). Where the state court proceeding has not  
12 advanced in any significant way, the mere fact the state court action was filed first does not  
13 support a stay or dismissal. *See Melt Franchising*, 2008 WL 4811097 at \*3 (denying stay of state  
14 law claims where there was no substantial progress in either the state or federal case and no  
15 discovery had been conducted); *Yale Preston v. Marathon Oil Co.*, No. 8-cv-239, slip op. at 19  
16 (D. Wy. Mar. 10, 2009) (denying stay where state court proceedings had not advanced in any  
17 significant way). Here, no discovery has been taken in the State Court Action and the parties  
18 have yet to complete full briefing of Avago's Demurrer to nPP's Second Amended Complaint.  
19 Indeed, given the pace of the State Court Action, it is likely that this Court will comprehensively  
20 resolve all of the issues in this matter at least as quickly as the State Court Action.

21 Fourth, contrary to Plaintiffs' unfounded allegations, nPP is not forum shopping. nPP did  
22 not initiate the present suit in federal court, nor could it have at the time, as no patent had issued  
23 until *after* the filing of the initial state court action and thus there was no federal claim available  
24 under 35 U.S.C. §256. nPP simply asserted counterclaims, including its state law counterclaims  
25 from the State Court Action, because these claims arose from a common nucleus of operative  
26 facts as Plaintiffs' claims for inventorship. The present case is thus "unlike the instances of  
27 forum shopping . . . in which the same plaintiff abandoned state court cases after lengthy  
28 litigation in favor of filing in federal court." *Tan*, 171 F.Supp.3d at 1016. Nor is nPP "hoping for

1 a better result” or “seeking a second bite at the apple” (Dkt. No. 29 at 15) by asserting its  
 2 counterclaims for conversion and specific recovery of personal property. Plaintiffs’ Motion  
 3 ignores the fact that the Superior Court in the State Court Action explicitly granted nPP leave to  
 4 amend its complaint to reassert certain of its state law claims, including its claims for conversion  
 5 and specific recovery of personal property. Fung Decl., Ex. A at 12:14-16.

6 Fifth, the fact that state law provides the rule of decision on the merits of nPP’s state law  
 7 counterclaims, without more, does not weigh in favor of a stay or dismissal. It is well established  
 8 that the “presence of state-law issues may weigh in favor of [abstention] only in some rare  
 9 circumstances.” *Travelers Indem. Co.*, 914 F.2d at 1370 (citing *Cone*, 460 U.S. at 26). In cases  
 10 involving routine issues of state law, the district court is fully capable of deciding such issues and  
 11 there are no such rare circumstances weighing in favor of a dismissal or stay. *See Travelers*  
 12 *Indemn. Co.*, 914 F.2d at 1370 (declining stay where the case involved routine issues of state law,  
 13 such as misrepresentation, breach of fiduciary duty, and breach of contract); *Melt Franchising*,  
 14 2008 WL 4811097, at \*3 (denying stay of state law counterclaims for violations under California  
 15 statute, fraud, unjust enrichment, and declaratory relief, finding that such claims involved  
 16 “routine issues of state law that [the federal] Court is fully capable of deciding”). Here, nPP’s  
 17 state law counterclaims similarly raise routine issues of state law that this Court is fully capable  
 18 of deciding. Plaintiffs cite to no case law that supports a contrary position.

19 Finally, because the State Court Action cannot resolve all of the parties’ claims  
 20 (specifically inventorship under Section 256 as to the ’025 and ’360 Patents), this Court’s  
 21 exercise of jurisdiction over nPP’s state law counterclaims would provide a single forum to fully  
 22 resolve the parties’ dispute and not only conserve judicial resources but also provide a  
 23 comprehensive disposition of litigation. *See Melt Franchising*, 2008 WL 4811097, at \*4  
 24 (denying stay, finding that the “policy favoring conservation of judicial resources and  
 25 comprehensive disposition of litigation would be furthered by hearing both federal and state law  
 26 claims together”). Other district courts have declined to dismiss or stay state law claims where  
 27 the court was the only forum that could fully resolve the parties’ dispute. *See, e.g., Sciortino v.*  
 28 *Pepsico Inc.*, 108 F.Supp.3d 780, 815-16 (N.D. Cal. 2015) (declining stay where there was

“substantial doubt as to whether the state proceedings will resolve the federal action” and finding that “the desire to avoid piecemeal litigation . . . is not well-served in this case by a partial stay”); *Ackoff-Oretga v. Windswept Pacific*, 98 F.Supp.2d 530, 538 (S.D.N.Y. 2000) (no dismissal of state law claims where federal court was the only forum that could fully resolve the dispute).

The sole case cited by Plaintiffs in support of a stay or dismissal, *Am. Int’l Underwriters, (Philippines), Inc. v. Cont’l Ins. Co.*, 843 F.2d 1253 (9th Cir. 1988) is readily distinguishable. *Am. Int’l Underwriters* involved a *plaintiff* in a state court action who filed an *identical suit* in federal court after two-and-a-half years of litigation in the state court, alleging the same claims as the state court action. *Id.* at 1255. In contrast, here the defendants in the State Court Action, not nPP, filed the present suit in federal court. In addition, the state court proceeding in *Am. Int’l Underwriters* had progressed much further than the federal court proceeding, with both parties already engaged in substantial discovery and with several substantive issues already decided by the state court. *Id.* at 1255. Here, the State Court Action has not proceeded beyond a demurrer and neither party has taken discovery, factors that weigh against a stay or dismissal.

## **II. NPP’S SECOND COUNTERCLAIM FOR TRADE SECRET MISAPPROPRIATION DOES NOT PREEMPT ITS THIRD AND FOURTH COUNTERCLAIMS**

nPP’s counterclaims for conversion and specific recovery of personal property are not preempted by the CUTSA because they are based on Plaintiffs’ wrongful possession of nPP’s tangible personal property that is independent of any misappropriation of trade secrets. Courts have made clear that such claims based on the recovery of tangible personal property are not preempted by the CUTSA, and the authorities cited by Plaintiffs do not suggest otherwise.

### **A. The CUTSA Does Not Preempt Non-Contractual Remedies That Are Not Based on Misappropriation of Trade Secrets**

Although the CUTSA preempts common law trade secret misappropriation claims, the statute contains an express preemption savings clause, which mandates that it does not affect “(1) contractual remedies, whether or not based upon misappropriation of a trade secret, (2) other civil remedies that are *not based upon misappropriation* of a trade secret, or (3) criminal remedies, whether or not based upon misappropriation of a trade secret.” Cal. Code of Civ. Proc.



§ 3426.7(b)(2) (emphasis added). California courts have interpreted this clause to mean that the CUTSA “does not displace noncontract claims that, although related to a trade secret misappropriation, are independent and based on facts distinct from the facts that support the misappropriation claim.” *Angelica Textile Services, Inc. v. Park*, 220 Cal.App.4th 495, 507 (Cal. Ct. App. 2013) (internal citations omitted). A common law claim is thus not preempted where the alleged wrongdoing “is not based on the existence of a trade secret.” *Id.* at 508. CUTSA preemption also does not apply where a claim is “free of any dependency on trade secrets law.” *Silvaco Data Sys. v. Intel Corp.*, 184 Cal.App.4th 210, 242 (2010), *disapproved on other grounds by Kwikset Corp. v. Superior Court*, 51 Cal.4th 310 (2011). The fundamental policy underlying CUTSA preemption is to cull claims that are *entirely redundant* of claims for misappropriation of trade secrets. *See Martone v. Burgess*, 2008 WL 3916022, at \*3 (N.D. Cal. Aug. 25, 2008). In other words, if the claim can proceed even without proving trade secret status, it is not preempted.

CUTSA preemption is *only appropriate* when claims are based “on the identical nucleus of facts as a trade secrets misappropriation claim.” *Ali v. Fasteners for Retail, Inc.*, 544 F. Supp. 2d 1064, 1070 (E.D. Cal. 2008). Where a claim is not based on the same nucleus of facts as the trade secrets claim, there is no preemption. *See Digital Envoy, Inc. v. Google, Inc.*, 370 F. Supp. 2d 1025, 1034-35 (N.D. Cal. 2005); *Callaway Golf Co. v. Dunlop Slazenger Group Ams., Inc.*, 318 F. Supp. 2d 216, 219-220 (D. Del. 2004) (CUTSA only preempts common law claims that “are based entirely on the same factual allegations that form the basis of its trade secrets claim”). Claims “that rely on additional and different facts or theories of liability than those forming the basis for the trade secret claim are not preempted by the [C]UTSA.” *Amron Int’l Diving Supply, Inc. v. Hydrolinx Diving Commc’n, Inc.*, 2011 WL 5025178, at \*9 (S.D. Cal. Oct. 21, 2011); *see also PostX Corp. v. Secure Data in Motion, Inc.*, 2004 WL 2663518, at \*3 (N.D. Cal. Nov. 20, 2004) (unfair competition claim not preempted by the CUTSA because it was based on an alternative theory of liability, as well as on additional facts).

**B. nPP’s Third and Fourth Counterclaims Are Based on Plaintiffs’ Wrongful Possession of nPP’s Tangible Personal Property Independent of nPP’s Trade Secret Misappropriation Claim**

nPP’s counterclaims for conversion and specific recovery of personal property are not

preempted by the CUTSA because they are based on Plaintiffs' wrongful possession of nPP's tangible personal property that is independent of whether that property also comprises a trade secret. As the Superior Court in the State Court Action made clear, "[a] claim for conversion or specific recovery of tangible personal property (as opposed to intangible confidential information) is based on facts independent and distinct from a claim of trade secret misappropriation." Fung Decl., Ex. A at 9:15-17 (internal citations omitted). Other courts have also held that claims based on the taking of tangible property, as opposed to intangible property, are not preempted by the CUTSA because such claims are not dependent on the tangible property also comprising a trade secret. *See, e.g., Angelica*, 220 Cal.App.4th at 508 (conversion claim against former employee who took documents upon leaving the plaintiff's employ not displaced by the CUTSA where the claim could be based on the taking of tangible property that was not a trade secret); *Loop*, 2015 WL 5158461, at \*3 ("No reasonable application of CUTSA's savings clause precludes a cause of action based on an employee's alleged theft of a piece of tangible property."); *Hullinger v. Anand*, 2015 WL 11072169, at \*20-21 (C.D. Cal. Dec. 22, 2015) (conversion claim based on "cash held in various bank accounts, email accounts, emails, programming, software, documents, other papers, patents, and other proprietary assets" not preempted); *Kovesdy v. Kovesdy*, 2010 WL 3619826, at \*3 (N.D. Cal. Sept. 13, 2010) (conversion claimed based on possession of computer not preempted); *E-Smart Techs., Inc. v. Drizin*, 2009 WL 35228, at \*6-7 (N.D. Cal. Jan. 5, 2009) (conversion claim based on misappropriation of tangible items not preempted).

*Angelica Textile* and *Loop* are particularly instructive, and are consistent with the Superior Court's ruling on Plaintiffs' demurrer to the First Amended Complaint ("FAC") in the State Court Action. In both *Angelica Textile* and *Loop*, the courts held that a conversion claim based on the theft of "tangible property" was not preempted by the CUTSA. *Angelica Textile*, 220 Cal.App.4th at 508 (claim based on documents that were still tangible property even if they contained no trade secrets); *Loop*, 2015 WL 5158461, at \*3 (claim based on theft of a work computer). Plaintiffs' attempt to distinguish *Angelica Textile* and *Loop* misstates the courts' holdings in both cases. Plaintiffs allege that *Angelica Textile* "recognized that the only time the CUTSA does not displace a conversion claim is when it is based on the taking of 'tangible



property’ *that was not a trade secret.*” Dkt. No. 29 at 18 n.9 (emphasis in original). There was no such holding in *Angelica Textile*, and Plaintiffs’ Motion does not cite to any passage in the court’s opinion for support. Instead, in *Angelica Textile*, the court made clear that the conversion claim was not displaced because it had “a basis *independent* of any misappropriation of a trade secret,” and there was no requirement that the property at issue not also comprise a trade secret. *See Angelica Textile*, 220 Cal.App.4th at 507 (emphasis added). Indeed, the court in *Angelica Textile* observed that claims properly outside the preemptive reach of the CUTSA should result in the same legal consequences *regardless of* the court’s adjudication of the question of trade secrets. *See id.* at 507. Similarly, Plaintiffs’ allegation that *Loop* involved a work computer that had an “obvious value apart from any trade secrets [it] may have also contained” (Dkt. No. 29 at 18 n.9) cites to nothing in the court’s opinion for support, which is unsurprising as the court in *Loop* made no reference to the value of the property taken and instead based its decision on the fact that the allegations supporting the conversion claim—the defendant’s failure to return her work computer and the files it contained after she was terminated—were different from the allegations supporting the trade secret misappropriation claim. *Loop*, 2015 WL 5158461, at \*3.

Consistent with the applicable case law, nPP has pleaded facts in its counterclaims to make clear that its claims for conversion and specific recovery are not based on intangible confidential information but instead are based on tangible property, namely “materials, documents, files, and models” wrongfully withheld by Plaintiffs. Dkt. No. 23 at 31:6-32:7. Because nPP’s claims explicitly seek damages and recovery based on Defendants’ wrongful *possession of physical* property that is independent of the allegations concerning Plaintiffs’ misappropriation of nPP’s intangible trade secret information, such claims are not preempted by the CUTSA. *See Angelica Textile*, 220 Cal.App.4th at 508 (“[B]ecause the asserted claim[s] [are] not based on the existence of a trade secret, [they are] not displaced.”) (citing *Silvaco*, 184 Cal.App.4th at 241-242)); *Loop*, 2015 WL 5158461, at \*3 (“No reasonable application of CUTSA’s savings clause precludes a cause of action based on an [] alleged theft of a piece of tangible property.” (citing *Angelica Textile*, 220 Cal.App.4th at 508)).

nPP’s counterclaims are also consistent with the Superior Court’s guidance in the State

1 Court Action. The Superior Court in the State Court Action previously indicated that nPP would  
 2 need to amend its conversion and specific recovery of personal property claims because they  
 3 sought to recover “only ‘possession of any property rights in [nPP’s] *information*,’ as opposed to  
 4 the documents or materials themselves.” Fung Decl., Ex. A at 9:24-28. The Superior Court  
 5 specifically noted that it appeared “nPP intended to seek damages based, in part, on Avago IP’s  
 6 wrongful possession of its physical property (i.e. documents),” and that, “[t]o the extent the claim  
 7 seeks such recovery, it is based on facts that are independent and distinct from the claim for trade  
 8 secret misappropriation.” Fung Decl., Ex. A at 10:15-17 (internal citation omitted). nPP’s  
 9 counterclaims for conversion and specific recovery of personal property are based precisely on  
 10 such wrongful possession of nPP’s physical property by Plaintiffs and are thus independent and  
 11 distinct from nPP’s trade secret misappropriation claim.

12 **C. The Cases Plaintiffs Cite Do Not Dictate That Preemption Applies Here**

13 This case is not *MedioStream, Inc. v. Microsoft Corp.*, the primary case on which  
 14 Plaintiffs rely. There, the plaintiff’s conversion claim was based on “certain documents and data  
 15 and computer data discs that contain or reference Plaintiff’s Trade Secrets and other confidential  
 16 and proprietary information.” 869 F.Supp.2d 1095, 1116 (N.D. Cal. 2012). The Court held that  
 17 this claim was preempted (but granted leave to amend) because the plaintiff did “not identify such  
 18 ‘property,’ nor make any attempt to distinguish it from the trade secret material identified in the  
 19 FAC.” *Id.* The Court also noted that “the allegations in the complaint strongly suggest[ed] that  
 20 all of the property purportedly misappropriated by defendants is included within [plaintiff’s]  
 21 expansive definition of its trade secrets.” *Id.* “On these pleadings, it is plain that [plaintiff’s]  
 22 conversion claim is ‘no more than a restatement of the same operative facts supporting trade  
 23 secret misappropriation,’ and therefore preempted by the CUTSA.” *Id.* Here, nPP’s allegations  
 24 differ from those in *MedioStream* because nPP’s conversion and specific recovery claims are  
 25 based on Plaintiffs’ wrongful possession of tangible property and do not depend on the status of  
 26 such property as trade secrets and are thus separate from nPP’s trade secret misappropriation  
 27 claim. Dkt. No. 23 at 31:6-32:7.

28 This case is also not *Silvaco Data Sys. v. Intel Corp.* There, the Court dismissed a

conversion claim where “[n]o interest in ‘property’ was identified other than one arising under trade secrets law.” 184 Cal.App.4th at 236. “[T]he only property described in the complaint is ‘the stolen property that belongs to [plaintiff]’ that was ‘contained’ in ‘the CSI Software’ used by [defendant], and the only property interest that [plaintiff] could have in that software under the facts alleged in the pleadings is a trade secret.” *Id.* Importantly, the software at issue in *Silvaco* was acquired by the defendant from a third party, CSI. *Id.* at 215-16. While the plaintiff alleged that CSI had wrongfully incorporated source code it had stolen from plaintiff in the software and that the defendant, by acquiring the software from CSI, had aided and abetted CSI’s violation of an injunction preventing CSI from continuing to use the technology, there were no allegations that the defendant had wrongfully taken the software from the plaintiff. *Id.* at 215-16. Thus, unlike the present case, there was no wrongful taking of property by the defendant from the plaintiff in *Silvaco*, and “no attempt [was] made to identify any ‘Silvaco property’ other than the trade secrets supposed used[.]” *Id.* at 240. Thus, in *Silvaco*, the “only property interest that [the plaintiff] could have in the software under the facts alleged in the pleadings is a trade secret.” *Id.* at 236. Here, nPP identifies property other than those based on its trade secrets alone. (Dkt. No. 23 at 31:6-32:7) Because nPP’s conversion and specific recovery claims are based on a separate interest in its physical property, in which nPP has property rights independent of any alleged trade secrets, these claims are not preempted by the CUTSA.

*Mattel, Inc. v. MGA Entertainment, Inc.*, although cited by Plaintiffs, supports nPP’s argument that its claims survive preemption. There, the court addressed Mattel’s conversion claim on a motion for summary judgment. 782 F.Supp.2d 911, 940 (C.D. Cal. 2011). And, notably, the defendant “concede[d] that the counter-claim [for conversion] is not superseded to the extent it is based on the misappropriation of ‘tangible documents and things.’” *Id.* at 997. The Court agreed and held that “the conversion counter-claim survives to the extent predicated upon [defendant’s] exercise of dominion over the physical [] works.” *Id.* Here, nPP’s conversion claims are based on tangible, physical items and should also survive preemption.

Finally, *SunPower Corp. v. SolarCity Corp.*, 2012 WL 6160472 (N.D. Cal. Dec. 11, 2012) and *Heller v. Cepia, LLC*, 2012 WL 13572 (N.D. Cal. Jan. 4, 2012), cited by Plaintiffs for

support, both involved allegations concerning the wrongful taking of intangible information, not tangible physical property. *See SunPower Corp.*, 2012 WL 6160472, at \*4 (claims relate to the “misappropriation of SunPower’s non-trade secret proprietary information”); *Heller*, 2012 WL 13572, at \*7 (property at issue was plaintiff’s “confidential information which is not a trade secret”). In contrast, nPP’s counterclaims here allege the wrongful possession of tangible personal property, including materials, documents, files, and models. Dkt. No. 23 at 31:6-32:7.

#### **D. nPP Is Not Required to Allege the Value of the Property**

Claims for conversion and specific recovery of personal property do not require a plaintiff to plead the value of the property. It defies logic to argue that stolen property need not be returned because it has no value. In any event, whether or not the tangible property that is the subject of nPP’s claims has any value apart from the information contained in it should not be an issue at the pleading stage. Indeed, even if it is later determined that the property has little value, defendants’ possession of the property alone is enough to support nPP’s claims. *See Angelica Textile*, 220 Cal.App.4th at 499 (“Although the documents may have little if any value in light of the jury’s finding defendants did not appropriate any trade secrets, the defendant employee’s possession of them will support a conversion claim independent of any trade secret.”).

Plaintiffs cite to *Mattel* for the proposition that nPP must allege some separate value. This citation is not persuasive. First, *Mattel* was decided on a motion for summary judgment, not during the pleadings phase. *Mattel*, 782 F.Supp.2d at 940. Second, the quoted portion Plaintiffs cite to in *Mattel* relies on Illinois (not California) law. *Id.* at 997 (citing *Thomas & Betts Corp. v. Panduit Corp.*, 108 F.Supp.2d 968, 973 (N.D. Ill. 2000)). Plaintiffs can cite to no California law that requires nPP to allege the value of its property at the pleadings phase.

### **III. NPP’S FOURTH CAUSE OF ACTION STATES A SEPARATE VIABLE CLAIM**

Plaintiffs allegation that nPP’s claim for specific recovery of personal property “merely amounts to a remedy for conversion” (Dkt. No. 29, at 20) misstates the law. While specific recovery of personal property can be a remedy for conversion, it is also a separate cause of action. *See, e.g., Caruthers v. Hensley*, 90 Cal. 559, 560 (1891); *see also American Bankers Mortg. Corp. v. Federal Home Loan Mortg. Corp.*, 75 F.3d 1401, 1405 (9th Cir. 1996) (asserting counterclaims

1 for conversion and specific recovery of personal property under CA law). None of the authorities  
 2 cited by Avago in its motion stand for the proposition that specific recovery of personal property  
 3 is *only* a potential remedy for conversion and cannot exist as a separate claim.

#### 4 **IV. NPP ADEQUATELY PLED A CLAIM UNDER THE DTSA**

5 nPP adequately alleged the wrongful use of its trade secrets by Plaintiffs that is necessary  
 6 to support a claim of misappropriation under the DTSA. The DTSA creates a private cause of  
 7 action in favor of the “owner of a trade secret that is misappropriated . . . if the trade secret is  
 8 related to a product or service used in, or intended for use in, interstate or foreign commerce.” 18  
 9 U.S.C. § 1836(b)(1); Defend Trade Secrets Act of 2016, Pub. L. No. 114-153, 130 Stat 376, 376.  
 10 Section 2(e) of the DTSA specifies that the DTSA applies to “any misappropriation of a trade  
 11 secret . . . for which any act occurs on or after the date of the enactment of this Act.” Pub. L. No.  
 12 114-153, § 2(e). Under the DTSA, the prohibited acts of misappropriation include both the  
 13 “acquisition of a trade secret of another” and “*disclosure or use* of a trade secret of another  
 14 without express or implied consent.” 18 U.S.C. § 1839(5)(A)-(B) (emphasis added).

15 At least one court has held that a partial recovery is available for acts of misappropriation  
 16 that occur after the effective date of the DTSA even if the original wrongful acquisition of the  
 17 trade secret occurred prior to the effective date of the DTSA. In *Adams Arms, LLC v. Unified*  
 18 *Weapon Sys., Inc.*, 2016 WL 5391394 (M.D. Fl. Sept. 27, 2016), the defendant moved to dismiss  
 19 the plaintiff’s claim under the DTSA, arguing that the complaint at most alleged a wrongful  
 20 acquisition of trade secrets prior to the effective date of the DTSA. *Id.* at \*6. The court rejected  
 21 this argument, finding that the plaintiff “may state a plausible claim for relief, if [the plaintiff]  
 22 sufficiently alleges a prohibited ‘act’ occurring after May 11, 2016,” and held that the plaintiff  
 23 was entitled to proceed on a theory that the defendant wrongfully disclosed the plaintiff’s trade  
 24 secrets after May 11, 2016, even though the acquisition of the trade secrets may have occurred  
 25 prior to the effective date of the DTSA. *Id.*

26 Plaintiffs appear to take the position that the DTSA does not permit recovery for trade  
 27 secret misappropriation that began prior to the effective date of the DTSA and allege that, with  
 28 respect to the ’379 Application, “any claims that nPP could have based on the ’379 Application

1 accrued no later than” August 2014, when nPP learned of these acts (Dkt. No. 29 at 21), and that,  
 2 with respect to the ’360 Patent, nPP’s claims accrued prior to the enactment of the DTSA.  
 3 Plaintiffs’ argument misstates the law. As explained by the court in *Adams Arms*, the DTSA  
 4 permits recovery for any **wrongful acts of misappropriation** that occur after May 11, 2016,  
 5 including wrongful **use and disclosure** of trade secrets, **even if the acquisition of the trade secret**  
 6 **occurred prior to** May 11, 2016. *See Adams Arms*, 2016 WL 5391394, at \*6. While the DTSA’s  
 7 statute of limitations provision provides that an action must be commenced within three years of  
 8 the date on which the misappropriation was discovered and that a “continuing misappropriation  
 9 constitutes a single claim of misappropriation” for purposes of the statute-of-limitations  
 10 provision, *see Adams Arms*, 2016 WL 5391394, at \*\*5-6 (citing 18 U.S.C. § 1836(d)), the statute  
 11 explicitly limits this language “for purposes of this subsection,” which only addresses when a  
 12 claim accrues for statute of limitations purposes. *Id.* at \*6. This “continuing misappropriation”  
 13 language is not present in Section 2(e) of the DTSA, which defines the prohibited acts of  
 14 misappropriation and requires such acts to occur after the effective date of the DTSA. *Id.* at \*6;  
 15 *see also* Pub. L. No. 114-153, § 2(e). In addition, as observed by the court in *Adams Arms*, the  
 16 DTSA omitted language from Section 11 of the Uniform Trade Secrets Act that does not allow  
 17 for recovery for a continuing misappropriation that began prior to the effective date. *Adams*  
 18 *Arms*, 2016 WL 5391394, at \*6; *see also* Pub. L. No. 114-153, § 2(e). The DTSA thus makes  
 19 clear that recovery is available for acts of misappropriation that occur after the effective date of  
 20 the DTSA, even if the misappropriation began prior to the effective date.

21 Consistent with the language of the DTSA and the court’s holding in *Adams Arms*, nPP  
 22 has more than adequately alleged wrongful misappropriation of its trade secrets after the May 11,  
 23 2016 effective date of the DTSA—specifically, Plaintiffs’ wrongful use and disclosure of nPP’s  
 24 trade secrets in Plaintiffs’ prosecution of U.S. Application No. 13/658,379 (“’379 Application”)  
 25 and U.S. Patent No. 9,400,360 (“’360 Patent”). With respect to the ’379 Application, nPP’s  
 26 counterclaim alleges that Plaintiffs wrongfully used and disclosed nPP’s confidential and  
 27 proprietary information by continuing to prosecute the ’379 Application at the PTO, including  
 28 by filing an Appeal Brief on July 5, 2016, that requested the Board to reverse the Examiner’s



1 rejection of claims. Dkt. No. 23 at 28:5-15, 33:9-16. This continued prosecution evidences  
 2 further misappropriation, disclosure, and use of nPP confidential and proprietary information by  
 3 Plaintiffs and Counterdefendants after the May 11, 2016 effective date of the DTSA. The  
 4 publically available Appeal Brief, filed after the effective date of the DTSA, discloses concepts  
 5 developed by nPP and provided to Plaintiffs and Counterdefendants under the NDA, which were  
 6 clearly marked and identified as confidential and proprietary to nPP, including a stamped bench  
 7 with a curved mirror or a flat mirror, a fiducial for a pick-and-place operations with visual  
 8 alignment, gussets for structural integrity of the mirror surface, pockets for locating a ball lens,  
 9 and pockets with alignment edges for accurately locating electro-optical chips, such as edge-  
 10 emitting lasers or photodiodes. Dkt. No. 23 at 28:5-15. Tellingly, Plaintiffs ignore the July 5,  
 11 2016 filing of the Appeal Brief and incorrectly allege that the “only specific acts of  
 12 misappropriation alleged by nPP” with respect to the ’379 Application are the Oct. 23, 2012 filing  
 13 of the application and its publication on April 24, 2014.” Dkt. No. 29, at 21. As explained above,  
 14 nPP’s counterclaim provides a detailed explanation of the specific acts of wrongful use and  
 15 disclosure of nPP’s confidential and proprietary information after the effective date of the DTSA.

16 With respect to the ’360 Patent, nPP’s counterclaim alleges that Plaintiffs and  
 17 Counterdefendants wrongfully caused the ’360 Patent to issue and publish on July 26, 2016, after  
 18 the effective date of the DTSA. Dkt. No. 23 at 33:9-16. Plaintiffs’ allegation that the information  
 19 contained in the ’360 Patent was identical to the ’025 Patent and thus already publicly available at  
 20 the time the application for the ’360 Patent was filed ignores the fact that the claims of the ’360  
 21 Patent are different from the ’025 Patent and thus constitute additional information that was  
 22 disclosed when the ’360 Patent was issued and published.<sup>3</sup> Plaintiffs also ignore the July 26,  
 23 2016 issue date of the ’360 Patent and instead allege that the ’360 Patent “became” the ’360  
 24 Patent in February 2016. Dkt. No. 29, at 21. As shown on the face of the ’360 Patent, the

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25 <sup>3</sup> Plaintiffs’ suggestion that the wrongful disclosure of nPP’s trade secrets does not constitute an  
 26 act of misappropriation so long as the same trade secrets were wrongfully disclosed before runs  
 27 contrary to the plain text of the DTSA, which does not distinguish between trade secrets that have  
 28 already been wrongfully disclosed and those that have not.

February 2016 is incorrect as the '360 Patent issued on July 26, 2016. While the '360 Patent may have received a notification of allowance earlier than the July 26, 2016 issue date, this does not change the fact that the patent issued and published after the effective date of the DTSA and constitutes an act of misappropriation under the plain language of the DTSA. *See* 18 U.S.C. §§ 1839(5)(A)-(B).

**V. SHOULD THE COURT BE INCLINED TO DISMISS ANY CLAIM, LEAVE TO AMEND SHOULD BE GRANTED**

When a complaint is dismissed for failure to state a claim, “leave to amend should be granted unless the court determines that the allegation of other facts consistent with the challenged pleading could not possibly cure the deficiency.” *Schreiber Distrib. Co. v. Serv-Well Furniture Co.*, 806 F.2d 1393, 1401 (9th Cir. 1986). With respect to nPP’s counterclaims for conversion and specific recovery of personal property, Plaintiffs are incorrect that “nPP had three opportunities in the State Court Action to allege facts that would set its conversion and specific recovery of personal property claims apart from its CUTSA claim,” (Dkt. No. 29, at 26), as the Superior Court in the State Court Action has only had one occasion to address the sufficiency of nPP’s counterclaims. While nPP believes it has adequately pleaded these claims, should the Court, consequently, believe that further detail is required, nPP requests that leave to amend be granted, and that nPP be given the opportunity to provide additional factual details concerning its claims based on the documents themselves separate from any trade secret information contained therein or allege the value of its physical property.

With respect to nPP’s counterclaim for trade secret misappropriation under the DTSA, nPP believes it has adequately pleaded facts showing acts of misappropriation by Plaintiffs after the effective date of the DTSA. However, should the Court believe that further detail is required, nPP requests that it be given the opportunity to provide additional factual details concerning Plaintiffs’ wrongful use and disclosure of nPP’s trade secrets after the effective date of the DTSA.

**CONCLUSION**

Plaintiffs’ Motion to Dismiss misrepresents the facts and misstates the law. With respect to Plaintiffs’ request to dismiss or stay nPP’s state law counterclaims, the parties have agreed that



1 this Court may and should exercise supplemental jurisdiction over the state law counterclaims.  
 2 The parties have also agreed that, should this Court agree to exercise supplemental jurisdiction,  
 3 nPP will move for a stay of the State Court Action and Plaintiffs will withdraw this portion of  
 4 their motion to dismiss. Regardless of the parties' agreement, a stay of nPP's state law  
 5 counterclaims would not be appropriate under *Colorado River* because it would not avoid  
 6 piecemeal litigation, given the common issues of fact shared by Plaintiffs' inventorship claims  
 7 and nPP's state law claims. Moreover, the state court proceedings have not advanced in any  
 8 significant way, and this Court's exercise of supplemental jurisdiction over nPP's state law  
 9 counterclaims would provide a single forum to fully resolve the parties' dispute. With respect to  
 10 Plaintiffs' request to dismiss nPP's counterclaims for conversion and specific recovery of  
 11 personal property, these claims are not preempted by the CUTSA because they seek recovery in  
 12 nPP's tangible physical property in which nPP has a property interest independent of whether  
 13 such property also constitutes a trade secret. nPP's claim for conversion also states a valid  
 14 separate claim under California law, and none of the authorities cited by Plaintiffs suggest a  
 15 contrary finding. With respect to Plaintiffs' allegations concerning nPP's counterclaim for trade  
 16 secret misappropriation under the DTSA, Plaintiffs' arguments are based on a misunderstanding  
 17 of the law and ignore the numerous examples provided by nPP in its Answer and Counterclaim of  
 18 Plaintiffs' wrongful acts of misappropriation occurring after the effective date of the DTSA. nPP  
 19 therefore respectfully urges the Court to deny Plaintiffs' Motion.

20  
 21 Dated: December 2, 2016

MORRISON & FOERSTER LLP

22  
 23 By: /s/ Vincent J. Belusko

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